

SECURITY OF PUBLIC FUNDING AND TRANSFORMATION OF CONTEMPORARY EUROPEAN UNIVERSITIES

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Abstract. The genesis of the European university dates back to the Middle Ages. It was then that the original university models that would be transformed in the subsequent centuries were developed. It seems that we are currently observing yet another stage of this ongoing transformation entailing challenges that result from the progressing, multifaceted process of verifying the model of W. von Humboldt's classical university. There is a trend indicating that after the common reception of the idea of enterprising university, European universities are now faced with the need to adapt to the reality of knowledge-based economy. Undoubtedly, one of the key aspects related to the direction of said changes revolves around the security of academic financing. There is a growing pressure on universities to become active participants in the process of developing knowledge-based economy. Under these new circumstances, universities seem, on the one hand, predestined to play a significant role in the same, and on the other, faced with the threat of decline resulting from the gradual limitation of access to public financing. They now find themselves at the centre of the financial game of budgetary subsidisation. Public spending in this sphere is strongly affected by the given country's overall financial standing and the adopted public spending policies. In ageing Europe, politicians cannot afford to ignore the needs of a wide group of voters who are more inclined to support arguments advocating increased financing of e.g. the healthcare system, rather than young people's education. In this context, it becomes apparent that universities must take active steps towards securing additional financing from the so-called third revenue stream, primarily the private sector. The research financing target of 3% GDP, adopted in the Lisbon and Barcelona Declarations (over 20 years ago), has yet to be achieved in Western Europe, despite intensive reforms implemented to that end. In this context, European universities continue to trail significantly behind their North American counterparts. At the same time, in order to maintain their historically high social standing and prestige, such institutions must not ignore relevant social and economic expectations.

Keywords: higher education reform, public financing, enterprising university, the idea of the European university, W. von Humboldt

1. ORIGINS OF THE EUROPEAN UNIVERSITY IDEA

One cannot discuss universities – communities of learners and teachers – without first considering their origins [Laskowska 2012, 30; Hutnikiewicz 1994, 40–41]. It is commonly accepted that the university as we know it was “invented” in

the Middle Ages, although some authors trace certain prototypes of the academia back to the Antiquity [Czeżowski 1994, 13; Idem 1946, 5]. It is often concluded that the classical notion of a university draws upon the traditions of ancient schools (in particular Plato's Academy and Aristotle's Lyceum), early medieval corporations (guilds), as well as autonomous, republican urban communities that emerged in northern Italy between the 10th and 12th c. [Sowa 2009, 11–12; Cwynar 2005, 46]. In this ideological, philosophical, and historical context the paradigm of seeking truth, goodness, and beauty within and for the sake of the community was ultimately developed [Sowa 2009, 13].

Ever since their first establishment, European universities generally sought to advance such values as: truth, autonomy, pluralism, freedom, and universality, which were all intertwined in the overall effort to uncover the real nature of the world. To deny those values would undermine the very foundation of the academic idea [Brzeziński 2006, 9; Idem 2011, 9–16; Skarga 2007, 9; Gieysztor 1998, 11; Brzeziński 1998, 91; Hutnikiewicz 1994, 40; Krapiec 2014, 77–95; Bollinger 2003; Iskra–Paczkowska 2012, 150]. Such conclusions stem even from a rudimentary, semantic analysis of the term *universitas*, which is clearly rooted in the notions of community and universality [Wyrozumski 1998, 16, 18–19; Furmanek 2006b, 142; Idem 2006a, 131; Hutnikiewicz 1994, 40; Starnawski 2007, 6], entirety, comprehensiveness, and shared character [Wenta 2011, 92; Czeżowski 1994, 16; Idem 1946, 8]. The core concept of *universitas* lies in a community of people (a corporation of students or teachers and students) brought together by a common goal – the pursuit of truth [Markowski 2005, 17; Michaud–Quantin 1970, 35; Huff 2003, 133; Twardowski 2018, 233; Baszkiewicz 1997, 35]. This koinonia of teachers and learners – masters and students (*universitas studiorum*) was to be a response to the complex problems of the contemporary and future world [Laskowska 2012, 30; Szmyd 2016, 47; Ziemiński 1997, 21]. Universities contributed to the great European community of learning that gathered individuals devoted to the creative pursuit of truth, based on the foundation of mutual respect and friendship [Sławek 2008, 87–88].

The term *universitas* first emerged and gained prominence in the medieval schools of Bologna and Paris, considered to have been the most thriving institutions of their kind at the time. A university was a voluntary, collective, homogenous community, an autonomous corporation of students – scholars, or teachers and scholars, active in the area of didactics and governed by its own applied laws [Markowski 2003, 71–72]. Only elite corporations of teachers, employing the highest standards of educations, could hope to attain the status of *universitas magistrorum et scholarium*. Such a corporation was governed by its own laws, was not subject to any external supervision, secured its own social backing, and enjoyed the privilege of organisational and legal autonomy. Student associations, particularly in the Bolognese university model, closely guarded their interests against the machinations of city officials, fought for university autonomy, and had a real impact on both the financial policies and curricula of their institu-

tions [Baszkiewicz 1997, 40].

2. UNIVERSITIES IN THE MODERN PERIOD, W. VON. HUMBOLDT'S REFORM

The medieval university has to be recognised as a fundamental civilisational accomplishment. Unfortunately, in later centuries the institution faced a wide spectrum of difficulties that challenged the very core of its concept. Already in that early period, universities had to master the art of adapting to the ever changing reality. One of the phenomena that deeply influenced the nature of universities was e.g. the emergence of rationalist thought in Europe, which challenged medieval concepts of the world and our place within it. This, in turn, necessitated evolution of the concept and role of universities in their turbulent social milieu. The idea of the university changed against the backdrop of momentous discoveries and scientific advances [Cwynar 2005, 50]. The nature of this progress as such did not undermine the continuity or significance of academic traditions. However, efforts were made to redefine the place of the university in the social, economic, and political spheres [ibid., 51].

Modern rationalist thought aimed to free universities from the burden of the medieval *universitas* model. To this end, in the early 18th century, higher vocational schools and academies began to emerge. Universities stopped conducting research due to, in equal measure, lack of social obligation to do so and absence of dedicated financing. It ought to be mentioned that in the aftermath of the Napoleonic reforms, foundations were laid for the university whose sole purpose was to educate future public administration staff. Consequently, it became more akin to a higher vocational school managed by public authorities than a university per se [Cwynar 2005, 51]. As observed in the doctrine, the uniformization of curricula and centralisation of the administration significantly limited universities' autonomy, leading to ossification of the institution and its central idea [Cwynar 2005, 52].

The mentioned ideological and organisational framework proved inadequate to the challenges faced by universities in the 19th century. It therefore became necessary to revitalise their concept and allow them to once again become active participants in the changing world. In the context of German academic structures, an attempt to do just that was made by Wilhelm von Humboldt. His proposed vision of a classical university [Zakowicz 2012, 62] advocated reforms of the overall education system that would stem from creative and practical implementation of German Enlightenment thought, in particular the Kantian idea of the university [Kant 2003, 12]. Immanuel Kant's concept, presented already back in 1798, posited a considerable autonomy of the academia from both the state and church authorities. The philosopher postulated freedom of scientific research, without prejudice to the state's prerogative of supervising the education process. This laid the foundations for the so-called liberal (free) university [Kant 2003, 55; Cwynar 53].

Humboldt strongly emphasised the need to return to full academic autonomy. He advocated greater independence from the state, freedom of scientific research and education. It was a rather radical and novel notion. The author argued that the concept of university should be rooted in: “unity of knowledge,” “unity of research and education,” and “unity of the academia and students.” All academic disciplines were to exist and interact in parallel [Zakowicz 2012, 62]. The goal of science was to pursue truth, which could only be accomplished by a university committed to the unity of research and education. Moreover, students and professors alike needed to contribute to the development and maintenance of the academic community (*universitas magistrorum et scholarum*) dedicated to the collective discovery of truth in the spirit of scientific unity (*universitas litterarum*). One key aspect of said autonomy pertained to independence in terms of financing and directing research [Sauerland 2006, 92]. The research process was to be free of the confusion brought by ideological or political interference [Zakowicz 2012, 63]. W. von Humboldt’s concept offered a challenging and creative compromise between theory and practice, between universities’ autonomy and their service to the state and society [Bloom 1987, 291]. The idea was not to merely reinstate the notion of *universitas* [Cwynar 2005, 54]. Instead, Humboldt aimed to restore the true and fitting place of the university in society in a way that would grant it freedom to pursue its goals.

Humboldt’s idea was widely embraced by many intellectual centres throughout Europe. And even though the author was not able to see his vision fully realised [Proctor 1991], his concepts became a key point of reference for modern universities, a model that is commonly evoked to this day. However, it is now becoming apparent that contemporary European universities are faced with new pressures and challenges that directly affect their evolution far beyond the framework of Humboldt’s vision.

3. A NEW VISION OF THE UNIVERSITY

In the current age of constant flux, the contemporary university must re-establish its place in the changing socioeconomic milieu. Indeed, opinions have been voiced calling for the complete redefinition of its role. However, one would argue that the optimum path entails neither a simple negation of its classical traditions, nor full acceptance of the university-as-mercantile-corporation model [Readings 2017, 196]. Instead, one ought to strive for the “golden mean” of a model that would allow universities to stay true to their mission and ideological foundations, while at the same time shedding the ossified weight of the past to dynamically and effectively respond to the needs of contemporary societies and economies.

The narration pertaining to the need for a reform entailing redefinition of the university’s role first emerged in the early 20th century. After WWII, Humboldt’s concept was reevoked by Karl Jaspers, who emphasised the continuously ongoing process of university evolution and called for the preservation of its timeless, in-

herent values in the process of reshaping its framework [Gadacz 2017, 13]. The same was to be facilitated, among other aspects, by the state's commitment to provide adequate funding [Jaspers 2017, 165]. However, critical opinions were also voiced in this context, e.g. by Hansa–George Gadamer [Sosnowska 2018, 181], who claimed that the return to the original model was no longer feasible. Main reasons for the same included the permanent trend towards universal availability of academic education, and decomposition of the professor-student relationship, defragmentation of the concept of scientific unity in favour of a sharply accentuated trend towards narrow specialisation [Gadamer 2008, 245; Sosnowska 2012, 132]. José Ortega y Gasset observed that in the current situation, short-term solutions will prove inefficient and that only an in-depth reform of the university can provide a new, viable framework for its activity and redefine its mission [Gasset 1978, 712].

The most radical vision professing failure of Humboldt's model was presented by Bill Readings, who concluded that we can currently only observe a smouldering ruin of the former university model. Scientists are becoming bureaucrats, universities – technocratic organisations, and students – consumers of knowledge as a commodity [Werner 2017, 7–8]. As universities are increasingly “Americanised” in this age of global culture [Readings 2017, 18], they are fast evolving into business organisations whose primary focus is on the efficiency of research and education, rather than discovery of the nature of things [Werner 2017, 8].

The discourse regarding the place of universities in the contemporary world is ongoing and indeed intensifying in the face of the current economic, social, and technological changes taking place worldwide. On the one hand, it is argued that “a university is a powerful, complex, demanding, and competitive business requiring continuous, large-scale investment” [Kwiek 2010, 97–98] which, as a dynamic organisation, is inadvertently bound to the rules of market interactions. On the other hand, however, the concept of the university's “market infusion” has many vocal opponents. It has been pointed out that treating universities as institutions merely rendering educational services and focused solely on offering specialist knowledge stands in direct opposition to the core purpose of their existence. In that, they become providers of commercial (rather than public) services, fully dependent on market forces and political influences [Nearly and Saunders 2011, 347; Sławek 2002, 27; Marcel 1986, 58]. In the context of some American universities and their experience, wherein the financial aspect determines the directions of the conducted studies, it has been argued that science is now becoming a commodity, its creative potential declining, which results in the atrophy of the university's real, causative power in social life [Simpson 1995, 163; Inman 2009; Sławek 2002, 130; Hancock 2010, 48–49].

It seems that between the fairly widespread criticism of the concept of the business-oriented university treated as a player on the predatory market of commercial services, and the recognition of the contemporary reality wherein it is forced to operate, one has no choice but to seek a path towards a certain compromise.

The same was proposed in the late 1990s with Burton Clark's vision of the enterprising university [Olechnicka, Pander, Płoszaj, et al. 2010, 20; Kwiek 2010, 189]. In this concept, entrepreneurship is achieved in parallel, simultaneously on two distinct levels. Firstly, the university itself (or more specifically, its competent bodies) ought to undertake a number of activities aimed at improving its innovativeness and operating efficiency. Secondly, academic staff should aim to effectively use their knowledge and research results with a view to developing final products suitable for market applications. All of this is to facilitate a competitive advantage vis-à-vis other scientific centres, and to bolster cooperation with the university's economic milieu. The key characteristics of the enterprising university as identified by Clark included: modern management, enhanced collaboration with the environment, search for new sources of financing, adequately adapted organisational structure, and development of a culture of entrepreneurship [Kwiek 2008, 193–202; Olechnicka, Pander, Płoszaj, et al. 2010, 20]. A particularly important aspect in this context is the ability to diversify sources of financing. It is expected that apart from the primary pool of governmental funding, a university should strive to secure other sources of so-called "third stream revenue." In the wealthier OECD countries, the tendency towards this particular vision of university financing is already fairly well established [Kwiek 2010, 247].

The enterprising university is to constitute a strong intellectual centre, open to economic progress and ongoing social changes, but at the same time autonomous and free with regard to the directions of scientific research conducted [Denek 2013, 18; Boulton and Lucas 2011, 53, 58–60; Sójka 2008, 122–23; Łazuga 2008, 178; Woźnicki 2007; Szafranski 2013, 10]. This concept has attracted a number of advocates who firmly emphasise that the values, tradition, and mission attributed to universities are not merely outdated platitudes [Salmonowicz 1998, 60; Denek 2013; 8], but at the same time recognise the merits of healthy competition and professionalisation of the conducted activity. A university must become an active market player, capable for securing new, diversified sources of financing and accepting responsibility for its own financial standing [Goćkowski 1998, 25]. This becomes even more pressing given the evident worldwide trend towards limiting university funding from public resources in favour of alternative revenue sources [Kwiek 2010, 247].

4. THE NEED FOR REFORM. DIAGNOSIS OF THE MAIN PROBLEMS AND TRAJECTORY OF CHANGES

For a number of years, there has been a strong pressure from West European governments on the aspect of comprehensive accountability for any funds provided to the academia [Pachociński 2004, 13]. This tendency closely relates to a whole range of problems (e.g. related to globalisation, demographics, crisis of public finance and the public service sector) faced by European states. Undoubtedly, the emerging difficulties will also strongly affect institutions such as

universities. The ongoing socioeconomic changes strongly necessitate adequate and in-depth reforms [Altbach, Reisberg, and Rumbley 2009; Kwiek 2010, 19]. On a continental scale, the directions of change were delineated e.g. by the European Commission in the Lisbon Declaration adopted on 23–24 March 2000. The document identified the development of competitive and dynamic knowledge-based economy as the main priority. In practical applications, the premise of the Lisbon Strategy provided guidelines for the efforts made by individual universities, particularly with regard to financing research. Evident shortages in this area were recognised. However, the implementation of the thus adopted programme would require a considerable increase in resources allocated to this area (both public and from the private sector). Although EU Member States vary considerably in terms of research-related expenditures, and in some countries relatively high levels thereof were already reached in the previous decade, overall, the European Union continues to trail behind the USA or Japan in this respect. For this reason, a goal adopted in the Declaration was to increase research financing to the level of 3% GDP within the subsequent decade – which was to be accomplished with considerable involvement of the commercial sector. Indeed, the anticipation that entrepreneurs would contribute to the achievement of the planned 3% threshold was directly expressed in the document, with the increase in private sector spending expected to reach 55% by 2001 and 66% by 2010. Two years after adopting the Lisbon Declaration, the European Committee confirmed its commitment to allocating 3% of its GDP to research and development in Barcelona. Notably, the second document underlined that the burden of such spending should be borne primarily by entrepreneurs. It was agreed that two thirds of the financing expenditures were to be covered by the private sector, and only one third from public resources [Okoń–Horodyńska 2003, 13–28].

Undoubtedly, contemporary universities are forced to operate under increasingly difficult conditions. The financial standing of the entire higher education system is directly dependent on the overall condition of public finance in a given country, as it is that situation and the adopted policy of redistributing public resources that determine the level of funding allocated to this sector. The same underlines the need to develop methodologies that would facilitate the capacity to quickly adapt to the ever changing circumstances, be it economic, social, or legal [Kwiek 2008, 182–85]. One cannot but subscribe to the opinion that the experience of recent decades clearly points towards a tendency, observable in the ongoing debates and undertaken reforms, to negate the concept of a university as a social institution with a certain unique value, deserving a privileged position within the public sector. Indeed, it has even been argued that in most of Western Europe, the specific grace period enjoyed by universities (for over half a century) has long ended. This fact is not without severe consequences for the academia. European universities have long been (and still are) dependent on public funding [Idem 2010, 30]. At the same time, attention has been also drawn to the alarming phenomenon of reforms introduced on a “returning wave” basis, which results in

a situation where none of the subsequent reforms actually leads to the final stage yielding a fully transformed university. Hence, the relationship between the state and the higher education system remains in permanent flux, which generates continuous tensions. Paradoxically, this fact has now become an immanent, if unwelcome, feature on the social, economic, and legal milieu in which universities are expected to operate [Idem 2013, 248–51].

5. LEVEL AND SCOPE OF FINANCING. DOMINANT TRENDS

Reflexions on the complicated situation of contemporary universities are found not only in texts published by the academia. Alarming reports (particularly in the context of our region of Europe) [Dobbins and Kwiek 2017, 519–28; Antonowicz, Kohoutek, Pinheiro, et al. 2017, 547–67] have also been presented by e.g. the World Bank, European Commission, OECD, or UNESCO [Pachociński 2004, 45–57]. Already two decades ago, the respective elements of the unfavourable situation were thoroughly analysed (in particular the poor condition of public finances) and it was concluded that the same would be a long-term situation related to the exacerbating demand for increased financial outlays in the entire public sector [Kwiek 2010, 31].

Under the observed circumstances, one is faced with the pressing problem of not only maintaining the present level of university financing but – given the new demands related to knowledge-based economy – actually significantly increasing the same. Such questions are particularly dramatic in European countries that only relatively recently turned the corner towards systemic transformation and are now faced with a plethora of economic problems – including a severe crisis of the public sector. Literature offers a number of potential solutions to this dilemma, including the already mentioned concept of the enterprising university which met with widespread interest as one of the possible ways of facilitating universities' effective adaptation to the new socioeconomic circumstances. However, the same is not treated as the sole panacea for the contemporary difficulties. The aforementioned idea of knowledge-based economy is also considered as the expected next stage in the ongoing evolution. The aforementioned perspective shaped a range of new expectations, particularly that universities will not only “produce” knowledge but also facilitate its transfer to the economy (e.g. via specialised incubators, centres, etc.). Moreover, the process of innovation as such is also being rethought with a view to it becoming considerably more inclusive and interactive. This is to strengthen the network of associations between respective partners, including universities which are expected to engage in relationships with the most highly developed and innovative economic operators. Additionally, universities are to become creators of local development and facilitators of a development- and innovation-friendly environment for local entrepreneurs [Olechnicka, Pander, Płoszaj, et al. 2010, 20; Kwiek 2010, 16–17; Idem 2008, 200–202].

In Western Europe, in-depth reforms of the higher education system have been intensively ongoing for several decades now. However, literature and various published reports (e.g. by the European Commission, OECD) firmly stress that the same are still far from complete and will likely have to continue in the coming years. The current transformation is commonly perceived as an “inevitable” or even “permanent” phenomenon. It seems that the introduced reforms are, in a way, harbingers of further necessary changes aimed at developing a new kind of relationship between the university and the state financing the same [Altbach, Reisberg, and Rumbley 2009, 165; Kwiek 2010, 12]. In this context, it may be interesting to briefly discuss the evolution of higher education, directions of changes and trends observed to date. At the threshold of the new decade, a number of collective reports pertaining to this context have been prepared, e.g. by OECD.¹ With regard to issues related to financing higher education institutions, it was noted that direct state funding remains the dominant revenue stream for universities. Other sources such as student tuition fees, grants, donations, commercialisation of knowledge (patents, licenses), as well as various services (e.g. lease, conferences) are still of secondary importance. It seems, therefore, that in the global perspective the situation has not significantly improved compared to the previous decade. Naturally, this in no way negates the fact that universities make considerable efforts to seek and secure other (alternative to the governmental stream) sources of financing. One has to agree with the opinion that this trend is not temporary, but rather a permanent inclination towards diversification and definition of new revenue sources [Kwiek 2010, 54].

Even though a number of key difficulties faced by universities in this context are similar and common to all the institutions, there are also many hurdles that are characteristic of respective regions or countries. Alongside the main trend of transformation (e.g. within the framework of the aforementioned Europeanisation of problems or the processes of globalisation), specific differences at the national level are also a factor, mainly stemming from particular local circumstances, e.g. historical, social, or economic. Notably, this tends to be true for the overall policy of higher education financing. It will be worthwhile to discuss some of the phenomena and tendencies observed in this context over the last decade. The aforementioned OECD reports draw particular attention to the level of spending measured as percentage of the GDP. As already discussed, in the model adopted by the Lisbon and Barcelona Declarations, this value was expected to reach 3%. Meanwhile, inclusive of all relevant government spending as well as contributions from private investors and market revenues, on average, OECD countries spend 1.5% of their GDP on higher education (the value is between 1 and 2% for respective countries). This stands in clear contrast to healthcare spending which, in 2018,

¹ See: *Education at a Glance 2019: OECD Indicators* [hereinafter: OECD 2019], <https://doi.org/10.1787/f8d7880d-en> [accessed: 02.02.2021]; *Resourcing Higher Education: Challenges, Choices and Consequences, Higher Education* [hereinafter: OECD 2020], <https://doi.org/10.1787/735e1f44-en> [accessed: 02.02.2021].

reached the average level of 8.8% GDP, varying between 4.2% and 17% in respective countries. There also continues to be an observable gap between the level of financing in the USA and Canada on the one hand, and European countries on the other (OECD 2020).

The dominance of state funding in the overall financing streams of higher education institutions has been almost a given for many years now. However, also in this area, considerable discrepancies can be observed between respective countries. Such differences are present both in the transcontinental perspective, and in the narrower European context. For instance, the percentage of financing from private sources varies between the lowest values observed in Norway, Austria, Sweden, or Finland on the one hand, and up to 50% contribution reported for Chile, Japan, Australia, and the UK. In turn, the percentage contribution of state funding varies between 30% in the UK and over 90% in Norway, Finland, and Austria (OECD 2019).

Notably, in many cases it was observed that it was the decrease of public funding that triggered the simultaneous increase in the inclusion of private sources of financing (e.g. in Australia, Belgium, Ireland, Spain, or the USA). It should be added that many countries adopted different formulas of publicly funded support for students (public-to-private transfer) with a view to improving accessibility of higher education for lower income students. In OECD countries the allocation in this area fluctuates around 9%. Usually, countries with the highest tuition fee levels also offer the most extensive student support (financing). In Australia and the UK, the same reaches over 20%. At the other end of the spectrum, in countries where the tuition costs are the lowest, e.g. the Czech Republic, Estonia, Lithuania, Portugal, Slovenia, Sweden, or Turkey, such financial support does not exceed 1%. On the other hand, there are also countries where a high percentage of private sector revenues is not accompanied by the provision of public support, e.g. Chile, South Korea (OECD 2019).

As a sidenote, it could be added that the high percentage contribution (in most OECD countries) of state financing is even more evident at lower levels of education. In the case of primary, secondary, and postsecondary education, 90% of the resources available are obtained through state funding, whereas in the case of higher education, the same, in the perspective of several years, averaged at approx. 66% (the contribution of private sector revenues to the financing structure depended on the adopted tuition fee system). Simultaneously, over 60% of overall private sector contribution was associated with only a handful of states, including: Australia, Chile, Japan, South Korea, the UK, and the USA (OECD 2019).

Interesting conclusions also follow from a comparison of the general pool of public resources allocated to the entire sector of education and the portion thereof allocated to higher education. As indicated in the OECD reports, in 2016, OECD states spent on average 5% of their GDP on all education sector institutions (including higher education). At a closer look, however, the particulars of the same reveal substantial discrepancies. On average, funds allocated to lower-tier educa-

tional institutions (primary, secondary, postsecondary) corresponded to approx. 3.5% GDP, i.e. considerably more than applicable to higher education (1.5% GDP). It is noteworthy at this point that the private sector plays a significantly greater role in the financing of higher education (on average, roughly 1/3 of the spending, which corresponds to 0.5% GDP), as compared to approx. 1/10 of the overall spending applicable to lower tier education (0.4% GDP). Between 2010 and 2016, the entirety of expenditures made in the sector of education (including all tiers, from primary to higher) relative to the GDP decreased by nearly 2/3 (in OECD and partner states), despite the simultaneous increase of the GDP, which grew more dynamically than said spending. Relative to the GDP, education financing varied between approx. 6% in Chile, Israel, New Zealand, Norway, the UK, and the USA, and approx. 3–4% in the Czech Republic, Ireland, Italy, Japan, Lithuania, Luxemburg, Russia, and Slovakia. A number of contributing factors could be considered in this context, including e.g.: the number of students, length of university programmes, or efficiency of the funds' distribution. In the case of higher education, the level of spending is affected by the criteria of accessibility, number of students in respective sectors and areas of study, and scope of research investments (OECD 2019).

It should be added that the spending structure was strongly affected by the global economic crisis of 2008. The entire system of education financing continues to experience its aftermath. The education spending started to increase in 2010, with the simultaneous but lower increase observed in terms of the GDP. Due to the above, the level of said spending had to be adapted to the current budgetary situation. Given the slower GDP growth between 2010 and 2016, the average financing level in OECD countries decreased by approx. 7%. In the context of higher education, around 1/3 of OECD states increased their spending (between 2010 and 2016), while at the same time maintaining or even reducing the level of spending allocated to lower-tier education (OECD 2019).

6. FINAL REMARKS

There can be no doubt that over the last several decades, an intensive and necessary process of higher education reform has been ongoing in Europe. One can observe a tendency suggesting that after the fairly universal reception of the idea of the enterprising university, European academia now faces yet another challenge – the need to adapt to the reality of the rapidly developing knowledge-based economy. In fact, this is the direction in which the idea of the new, contemporary European university is now evolving. It seems that in their essence, the concepts of the enterprising university and knowledge-based university are mutually inclusive. Indeed, they seem to complement each other fairly well. Clearly, contemporary universities cannot (and do not) restrict their evolution and adaptation to ever changing circumstances solely to the formula of the enterprising university developed by Burton Clark back in the 1990s.

If they wish to maintain their historically high social status and prestige, European universities must not ignore the economic expectations expressed in their context. There is a growing pressure on universities to become active (even leading) contributors to the process of developing knowledge-based economy. This, however, requires the implementation of in-depth reforms whose scope and subject matter go beyond any changes introduced so far. Under these new circumstances, universities seem, on the one hand, predestined to play a significant role in the same, and on the other, faced with the threat of decline resulting from the gradual limitation of access to public financing. They now find themselves at the centre of the financial game of budgetary subsidisation. Undoubtedly, the financial standing of the entire higher education system is directly dependent on the condition of state finance. After all, public outlays made in this sphere depend on the overall national budget. In this context one has to pose a key question that regards not so much the theoretical diagnosis of the necessary directions of economic development, but rather the actual capacity of governments to provide adequate financing to higher education institutions. In ageing Europe, politicians cannot afford to ignore the needs of a wide group of voters who are more inclined to support arguments advocating increased financing of other public sectors (e.g. healthcare), rather than young people's education. At the same time, in the context of the complex global economy, severe crises, and the pressing need for numerous reforms in the public sector, the governments of respective European countries are faced with a relatively limited ability to increase budgetary spending.

In this context, one should highlight the clearly observable problem of funding university activities solely from public resources. It is now becoming increasingly difficult to question the need for universities to engage in various activities aimed at securing additional sources of financing, the so-called third revenue stream. The latter refers primarily to funds obtained from the private sector. For over 20 years now (and despite intensive reforms implemented in Western Europe), the planned funding of scientific research at the level of 3% GDP has not been reached. Based on an analysis of data provided in the discussed OECD reports, one arrives at the alarming conclusion that even despite ongoing diversification of financing sources, European universities still trail far behind their North American counterparts in this respect.

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